

MAR 13 2015

SENATE RESOLUTION

REQUESTING THE DEPARTMENT OF BUDGET AND FINANCE TO ESTABLISH A
STATE DEBT MANAGEMENT POLICY AND SUBMIT DEBT AFFORDABILITY
STUDIES.

1 WHEREAS, the Legislature makes many decisions regarding the
2 state budget; and

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4 WHEREAS, these budgeting decisions include the
5 consideration of capital improvement projects and debt issuance
6 authorizations; and

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8 WHEREAS, transparency and informed decision making are
9 important aspects in the legislative process; and

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11 WHEREAS, the establishment of a state debt management
12 policy would clarify the requirements, restrictions, and
13 protocols for the issuance of state debt; and

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15 WHEREAS, access to information on the affordability of
16 future debt planned for the State would be beneficial for
17 planning and decision-making purposes; now, therefore,

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19 BE IT RESOLVED by the Senate of the Twenty-eighth
20 Legislature of the State of Hawaii, Regular Session of 2015,
21 that the Department of Budget and Finance is requested to
22 establish a state debt management policy that addresses the
23 following issues:

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25 (1) Purposes for which debt may be issued;
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27 (2) Types of debt that may be issued;
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29 (3) Limitations on indebtedness;
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31 (4) Debt maturity schedule or other structural features;
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33 (5) Method of sale;
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- (6) Method of procuring consultants and professionals;
- (7) Refunding policies;
- (8) Disclosure practices; and
- (9) Any other issue the Director of Finance deems necessary; and

BE IT FURTHER RESOLVED that the Department of Budget and Finance is requested to submit the state debt management policy to this body no later than twenty days prior to the convening of the Regular Session of 2017; and

BE IT FURTHER RESOLVED that, no later than twenty days prior to the convening of the regular session of each odd-numbered year, the Department of Budget and Finance is requested to submit to this body a debt affordability study that contains the following:

- (1) The projected annual appropriation, by source of funding, necessary to pay the annual debt service for the ensuing twenty-five-fiscal-year period on the following bonds, under the assumption that all are issued:
 - (A) All authorized, but unissued bonds that have not lapsed as of the September 30 immediately preceding submittal of the study; and
 - (B) All bonds necessary to fund the capital improvement projects proposed in the fiscal years covered by the applicable multi-year program and financial plan;
- (2) A debt service payment schedule showing the annual appropriation, by source of funding, necessary to pay, during the ensuing twenty-five-fiscal-year period, the annual debt service on:
 - (A) All bonds identified under paragraph (1) (A); and



(B) All bonds previously issued, but remaining outstanding;

(3) The projected ratio of the following for each source of funding pledged to pay debt service on bonds during each fiscal year of the ensuing twenty-five-fiscal-year period:

(A) Annual debt service payments to annual revenues; and

(B) Annual debt service payments to annual appropriations;

(4) An examination of whether projected annual revenues from the source of funding are adequate to pay for the annual debt service on the bonds;

(5) An examination of whether any increase in annual debt service payments on the bonds will cause a commensurate decrease of funds available for operating programs with the same source of funding as the debt service payments;

(6) An assessment of whether the annual debt service obligations of the State for the fiscal years covered by the applicable multi-year program and financial plan are affordable to the State; and

(7) An identification of, and discussion on, any non-compliance or possible non-compliance of the State's actual or planned debt issuance with the state debt management policy; and

BE IT FURTHER RESOLVED that a certified copy of this Resolution be transmitted to the Director of Finance.

OFFERED BY: _____

